

## Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 ACDA-07 TRSE-00 SAJ-01 EB-07 OMB-01 DLOS-06

SAL-01 AID-05 /110 W

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R 302126Z NOV 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 5820

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

AMEMBASSY LIMA

AMEMBASSY MOSCOW

USMISSION OECD PARIS

AMEMBASSY PANAMA

USMISSION GENEVA

C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 14042

EO 11652 GDS

TAGS: PFOR ENRG SHUM ETRD ENRG UR XG XM PARM VE CU LOS

SUBJ: PEREZ IN THE USSR AND GENEVA BEFORE THE

THIRD AND FOURTH INTERNATIONALS

REF: CARACAS 13918, MOSCOW 18704(BOTH NOTAL)

SUMMARY. PRESIDENT PEREZ' VISITS TO MOSCOW AND GENEVA PROVIDED HIM THE OPPORTUNITY TO HAWK HIS SELF-APPOINTED THIRD WORLD WARES TO TWO VERY DIFFERENT AUDIENCES. EVER THE THIRD WORLD SPOKEMAN, HE INFORMED HIS SOVIETS HOSTS THEY PAY TO LITTLE ATTENTION TO LDGS NEEDS, PRAISED VENEZUELAN DEMOCRACY, AND STRESSED VENEZUELA'S DIFFERENCES WITH THE SOVIETS OVER DISARMAMENT AND LOS MATTERS WHILE SIGNING ECONOMIC AND PETROLEUM EXCHANGE AGREEMENTS. GOV OFFICIAL HAS CONFIRMED TO US

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THAT PETROLEUM EXCHANGE AGREEMENT HAS BEEN AGREED

TO IN PRINCIPLE, ALTHOUGH DETAILS REMAIN TO BE  
IRONED OUT. IT HAS POLITICAL ADVANTAGES FOR  
BOTH VENEZUELA AND CUBA. BEFORE THE SOCIALIST  
INTERNATIONAL CONGRESS IN GENEVA HE APPA-  
RANTLY HAD A MORE RECEPTIVE AUDIENCE TO WHICH  
HE PREACHED HIS STANDARD NIEO FARE, LINKING  
ONCE AGAIN OPEC PRICE INCREASES TO G-8  
RESPONSIVENESS AT THE CIEC MINISTERIAL, ALTHOUGH  
WITHOUT REFERRING TO THE PHASED INCREASE HE  
MENTIONED IN ROME AND LONDON. HE ALSO CASTIGATED  
BLOC POLITICS, CALLED ON PRESIDENT-ELECT  
CARTER TO SETTLE THE CANAL ISSUE AND REITERATED  
HIS CALL FOR AN ANTI-TERRORISM ACCORD. FOR THE  
FIRST TIME ON THE TRIP, HE JUSTIFIED VENEZUELA'S  
RELATIONS WITH CUBA. AT HOME, COPEI CONTINUED ITS  
ATTACKS ON HIS TRIP AS OVERLY THIRD WORLD-ORIENTED.  
END SUMMARY.

1. SOVIET UNION-OIL AGREEMENT. PEREZ SIGNED TWO  
AGREEMENTS, ONE ON ECONOMIC COOPERATION CALLING  
FOR EXCHANGES OF TECHNICIANS AND A SECOND WHICH  
INCLUDES AN ARRANGEMENT FOR VENEZUELA TO PROVIDE  
CUBA WITH PETROLEUM WITH THE USSR IN TURN SUPPLY-  
ING SOME OF VENEZUELA'S CUSTOMERS IN EUROPE.  
WHILE TEXT OF PETROLEUM EXCHANGE AGREEMENT HAS  
NOT BEEN PUBLISHED AND THEREFORE WE DO NOT KNOW  
ITS DETAILS, PETROVEN OFFICIAL CONFIRMED THAT  
AGREEMENT HAS BEEN REACHED IN PRINCIPLE. VENEZUELA  
WILL SELL 10,000 BBL/D TO CUBA (WITH EVENTUAL INCREASE  
TO 20,000 BBL/D), BUT VENEZUELA WILL NOT RECEIVE PAYMENT FROM  
CUBA. FURTHER, GIVEN TIGHT SUPPLY SITUATION AND DIFFICULTIES  
IN DETERMINING PER BARREL EQUIVALENCE OF VENEZUELAN  
AND SOVIET OIL, IT MAY BE SOME TIME BEFORE AGREE-  
MENT ACTUALLY GOES INTO EFFECT. IN POLITICAL  
TERMS, THE DEAL INCREASES VENEZUELA'S TIES AND  
INFLUENCE WITH CASTRO BOTH DIRECTLY AND INDIRECTLY  
THROUGH THE SOVIET UNION. THIS, IN TURN, ENHANCES  
VENEZUELA'S INFLUENCE IN THE CARIBBEAN AND IS IN  
KEEPING WITH PEREZ' BOLIVARIAN ASPIRATIONS.  
FURTHER, WHILE THE AMOUNTS ARE SMALL, THE DEAL  
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ENABLES VENEZUELA TO CLAIM ADDITIONAL DIVERSIFI-  
CATION OF ITS MARKETS. FOR THE CUBAN SIDE, IT  
GIVES CASTRO ADDED RESPECTABILITY.

2. SOVIET UNION- BILATERAL POLITICAL RELATIONS.  
PRESS REPORTS HERE INDICATE THAT WHILE PEREZ  
(AND THE SOVIETS) TERMED THE VISIT POSITIVE,  
PRESIDENT PEREZ' CANDOR MAY HAVE NOT SET TOO

WELL WITH THE SOVIETS( SEE MOSCOW REFTEL.  
PEREZ IS QUOTED IN THE PRESS AS CALLING HIS TALKS  
FRANK AND TOUGH. PEREZ SAID HE CRITICIZED BOTH  
SUPERPOWERS FOR NOT ALWAYS SERVING THE BEST  
INTERESTS OF MANKIND, NOTED THE UNITY OF  
THE THIRD WORLD GIVES IT POWER TO MAKE ITS OWN  
DECISIONS, AND ADMITTED THAT VENEZUELA HAS SERIOUS  
DOUBTS ABOUT BOTH THE US AND THE USSR'S COMMIT-  
MENT TO DISARMAMENT AND THE LOS NEGOTIATIONS.  
PLAYING UP THE SIZE OF VENEZUELA, HE SAID  
THAT IT AND OTHER SMALL COUNTRIES SUFFER AS A  
CONSEQUENCE OF THE COMPETITIVE STRUGGLE BETWEEN  
THE SUPER POWERS. READING BETWEEN THE LINES OF  
THE COMMUNIQUE, THE DECLARATIONS AND PRESS  
CONFERENCE STATEMENTS, WE SURMISE THAT PEREZ  
NOT ONLY EMPHASIZED VENEZUELA'S DEMOCRATIC  
TRADITIONS, BUT PROBABLY SPELLED OUT WITH SOME  
FORCE HIS DISAPPOINTMENT THAT THE SOVIETS  
HAVE NOT PROVIDED THE LDCS WITH THE KIND OF FINAN-  
CIAL SUPPORT HE EXPECTS OF A SUPER POWER.  
A FLAVOR OF THIS THEME COMES THROUGH  
VAKY

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USMISSION OECD PARIS  
USMISSION GENEVA

C O N F I D E N T I A L SECTION 2 OF 2 CARACAS 14042

IN HIS MENTION OF THE COSTS OF THE ARMS RACE AND THE SUPERPOWERS CONCENTRATION ON GUNS INSTEAD OF BUTTER. TWISTING HIS STANDARD MORAL REPARATIONS ARGUMENT TO FIT HIS HOSTS, HE SEEMED TO CLAIM THAT THE USSR OWES THE POOR SOMETHING BECAUSE IT IS RICH, RATHER THAN BECAUSE OF A HISTORY OF ECONOMIC OR COLONIAL EXPLOITATION. THERE WAS NO PUBLIC MENTION OF CUBA, BEYOND THE PETROLEUM AGREEMENT, BUT WE BELIEVE IT VIRTUALLY CERTAIN PEREZ RAISED THIS MATTER WITH THE SOVIET LEADERS, IF ONLY TO BETTER UNDERSTAND THEIR COMMITMENT TO SOVIET-SUPPORTED INTERVENTION BY CUBA IN ANGOLA AND TO DRAW THEM OUT ON THEIR VIEW OF CUBA'S ROLE IN THE CARIBBEAN.

3. GENEVA - THE SOCIALIST INTERNATIONAL CONGRESS, ON HOME GROUND BEFORE WESTERN EUROPE'S SOCIAL  
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DEMOCRATIC LEADERSHIP, PEREZ RETURNED TO THE THEMES HE HAD EMPHASIZED AT THE UN AND IN WESTERN EUROPE, SPENDING HALF OF HIS SPEECH JUSTIFYING OPEC. WHILE STATING THAT OPEC DOES NOT SEEK CONFRONTATION WITH THE DCS, HE REITERATED ONCE AGAIN HIS STANDARD TERMS OF TRADE ARGUMENT TO BOLSTER AN OPEC PRICE HIKE. GOING FURTHER THAN BEFORE, HE SAID IF "WE WERE TO INCREASE THE PRICE OF OIL ONCE AGAIN IN RELATION TO ITS ORIGINAL PURCHASING POWER, THE INCREASE SHOULD BE OVER 30 PERCENT. BUT SINCE THIS WOULD NOT BE SUITABLE, THE INCREASE WILL NOT BE OF THIS MAGNITUDE." HE THEN DIRECTLY LINKED OPEC PRICE HIKE TO THE RESULTS OF THE CIEC. THIS WAS, HOWEVER, NOT BECAUSE CIEC IS "DIRECTLY LINKED TO OIL PRICES, NOR OIL PRICES TO CIEC," BUT "BECAUSE....THE OPEC POSITION IS A GUARANTEE AND A DEFENSE OF THE NIEO...." HE MADE NO MENTION OF THE INCREMENTAL INCREASE IDEA THAT HE FLOATED IN ROME (IN PRIVATE) AND LONDON (IN PUBLIC) PENDING THE CIEC RESULTS. CLEARLY, HOWEVER, HE CONTINUED TO PRESS THE G-8 WITH THE REASONABLENESS OF THE VENEZUELA POSITION.

4. GENEVA-OTHER MATTERS. IN VIRTUALLY IDENTICAL LANGUAGE TO THAT USED IN HIS UNGA SPEECH, HE APPEALED TO THE CARTER ADMINISTRATION TO RESOLVE

THE CANAL PROBLEM. HE ALSO CALLED FOR AN ACCORD AGAINST INTERNATIONAL TERRORISM IN LANGUAGE SIMILAR TO THAT OF HIS UNGA PRESENTATION. SPEAKING OF CUBA, FOR THE FIRST TIME IN BILATERAL TERMS, HE SAID BECAUSE OF PLURALITY OF POLITICAL REGIMES, "WE THINK WE SHOULD UNITE TO DO BATTLE FOR THE NIEO AND THAT THIS HAS PRIORITY, AND THEREFORE, WHILE WE MUST NOT ABANDON IDEOLOGICAL DIVERGENCES, WE SHOULD SET THEM SOMEWHAT ASIDE." THIS LATTER THEME RINGS A LITTLE HOLLOW SINCE PEREZ EARLIER IN THE TRIP BY IMPLICATION CLEARLY CRITICIZED LATIN AMERICAN MILITARY DICTATORSHIPS AND THE SOCIALIST CONGRESS HAD CALLED FOR THE APPLICATION OF ECONOMIC SANCTIONS AGAINST CHILE, URUGUAY, AND ARGENTINA. PEREZ ALSO MADE NUMEROUS CONFIDENTIAL

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ALLUSIONS TO ACCION DEMOCRATICA'S TIES TO THE EUROPEAN SOCIAL DEMOCRATIC MOVEMENT, AND AT ONE POINT, ECHOING A THEME OF THE PERUVIAN REVOLUTION (AND ALSO OF PERON) SAID THAT "NEITHER COMMUNISM NOR CAPITALISM CAN BE THE MEANS FOR DESIGNING HUMANITY'S DESTINY."

5. COPEI DISPLEASED. OSVALDO ALVAREZ PAZ, COPEI LEADER AND PRESIDENT OF THE CHAMBER OF DEPUTIES, CRITICIZED PEREZ FOR EMPLOYING DANGEROUS "THIRD WORLD LANGUAGE," AND FOR FAILING TO VISIT THE PRESIDENT OF THE UNITED STATES TO COUNTER-BALANCE HIS VISIT TO THE SOVIET UNION.

6. COMMENT. ON THE KEY OPEC-CIEC TIE, PEREZ' PRESENTATION HAS VARIED SLIGHTLY AT EACH STOP, AND WE GATHER THAT PEREZ MERELY WANTS TO POUND HOME THE MESSAGE, WITHOUT COMMITTING HIMSELF OR THE OTHER OPEC MEMBERS TO ANY SPECIFIC FORMULATION PRIOR TO THE CIEC CONFERENCE. PEREZ' PRESENCE AT THE SOCIALIST INTERNATIONAL MEETING WILL PROBABLY NOT SIT WELL WITH THE MORE CONSERVATIVE LATIN AMERICAN MILITARY REGIMES, FOR EVEN IF HE AVOIDED MENTIONING THEM THIS TIME, HE WILL BE IDENTIFIED WITH THE CONGRESS' HARSH CRITICISM OF SOUTH AMERICA'S SOUTHERN CONE COUNTRIES.  
VAKY

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## Message Attributes

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